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Assistance to Myanmar

Note by the Administrator

Summary

The present report contains the major conclusions, recommendations and strategic challenges identified in the 2010 independent assessment of the Human Development Initiative, phase 4, for the period June 2009 to May 2010, in accordance with the guidelines set out in Executive Board decisions 98/14, 2001/15, 2003/2, 2004/2, 2005/3, 2005/42, 2006/2, 2006/31, 2007/36, and 2009/24. The three-member international independent mission carried out its work in Bangkok from 3 to 4 May 2010, and in Myanmar from 5 May to 2 June 2010.

The 2010 assessment concluded that the Human Development Initiative was in full compliance with the Executive Board mandate. The mission highlighted key challenges and made recommendations that UNDP may wish to consider for implementation under the Human Development Initiative.

Elements of a decision

The Executive Board may wish to: (a) take note of the present document and of the report submitted by the independent assessment mission to Myanmar, in particular the strategic challenges and recommendations mentioned therein; and (b) request that the Administrator take account of and implement the findings of the independent assessment mission, as appropriate, under the Human Development Initiative.

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I. Introduction

1. Since 1993, UNDP assistance to Myanmar has been carried out in compliance with the guidelines established in Governing Council decision 93/21 and Executive Board decisions 96/1, 98/14, 2001/15, 2003/2, 2004/2, 2005/3, 2005/42, 2006/2, 2006/31, 2007/36 and 2009/24. In accordance with those decisions, resources were targeted towards critical humanitarian and basic human needs in Myanmar at the grass-roots level, in the areas of primary health care, the environment, HIV/AIDS, training and education, and food security. Projects were formulated and coordinated within a framework entitled the Human Development Initiative (HDI).

2. The first phase of the HDI (15 projects) was implemented between 1994 and 1996. The second phase consisted of 10 projects that were concluded late in 1999. The phase 3 projects were initiated late in 1999, pursuant to decision 98/14. The ongoing phase 4 was approved in decision 2001/15. Focusing initially on 24 townships, the programme comprises six projects: two community development projects, a microfinance project, a project on HIV/AIDS, a comprehensive survey on poverty and another on agriculture.

3. In 2005, with the approval of the Executive Board (decision 2005/3), the community development and microfinance projects began expanding to an additional 40 townships; and pursuant to decision 2005/42, phase 4 was extended for two more years to facilitate implementation of the expansion. A corresponding expansion in funding was approved, bringing the total core resource envelope to $43 million for the period 2002-2007, and the ceiling for non-core resource mobilization to $65 million. In its decision 2006/31, the Board approved a further three-year extension of the programme for the period 2008-2010, with the requirement that the programme be presented in greater detail in 2007. In its decision 2007/36, the Board endorsed the proposed programme focus during the three-year extension (2008-2010) of phase 4, and authorized the Administrator to allocate an estimated $24.1 million from regular resources and $24.9 million from other resources mobilized for the period 2008-2010. In its decision 2009/24, the Board endorsed the proposed one-year extension of phase 4 until 2011, and authorized a revised funding envelope for the 2008-2011 period consisting of $38.9 million from regular resources and up to $65 million from other resources.

4. The 2010 independent assessment mission to Myanmar, consisting of three international consultants, provided a detailed review of the following: (a) the conformity of Human Development Initiative, phase 4 (including activities undertaken in response to Cyclone Nargis) with the Executive Board mandate; (b) programme focus and effectiveness; and (c) challenges and constraints in project implementation. The detailed assessment report is available on the Executive Board website.

5. The assessment methodology included: (a) extensive review of documentation for the phase 4 projects that are still operational, namely, the community development projects, the microfinance project, the integrated household living conditions assessment project and the HIV/AIDS project; (b) visits to project villages in 9 of the 60 active project townships in the Delta, Chin State, Dry Zone, and Shan State; (c) systematic consultations with beneficiaries during field visits; and (d) meetings with diplomatic delegations, international and national non-governmental organizations and United Nations organizations.

II. Conformity with decisions of the Governing Council and the Executive Board

6. The assessment mission concluded that the implementation of the HDI by UNDP is undertaken in full compliance with its mandate and relevant provisions of Governing Council and Executive Board decisions. The team concurs with previous independent assessment teams in their concern regarding the negative consequences the mandate and its interpretation have had on the effectiveness and sustainability of HDI activities. In particular, the assessment mission noted the inability to engage with the technical offices at the township level as detrimental in this regard. In the view of the assessment mission, the mandate continues to be given a conservative interpretation. UNDP has taken note of the opinion of the three most recent independent assessment missions, which have characterized UNDP interpretation of its mandate in Myanmar as conservative or cautious, as well as their suggestion that engagement with township-level technical departments would increase impact and promote sustainability of UNDP interventions while remaining consistent with its mandate. UNDP is ready, within the context of preparing for the next phase of UNDP programmes in Myanmar beginning in 2012, to discuss such possible activities with its partners.

III. Programming context and constraints

7. The assessment mission noted that the HDI is implemented in a difficult and unpredictable environment. In addition, major events in the last few years have impacted the programming environment. In 2007, the demonstrations and unrest resulted in uncertainty and slowdown in activities. In 2008 the Cyclone Nargis turned the normal programme implementation for a significant period of time into an emergency response operation. Over the past year, a number of significant developments have taken place in the country related to the national elections expected to be held in 2010. Some minor concerns have been raised regarding the processing of domestic travel permits for international staff, which now takes slightly longer than previously.

8. The assessment mission noted that the HDI has been affected by the severe drought that reduced production in the last agriculture season, particularly in the Dry Zone. The drought had a particularly serious impact on rural poor in the affected areas, who are the target beneficiaries of HDI, and also impacted beneficiaries' ability to repay microfinance loans.

9. The HDI was also significantly affected by funding constraints during the period under review, particularly for early recovery activities linked to the aftermath of Cyclone Nargis as donor contributions have slowed. The assessment mission noted additional constraints facing UNDP regarding the recently established Livelihoods and Food Security Trust Fund (LIFT), whose cost-recovery provisions are inconsistent with those mandated for UNDP by its Executive Board.

IV. Assessment of the Human Development Initiative, phase 4

A. Follow-up to 2009 recommendations

10. The 2009 independent assessment recognized that a gender strategy had been developed and was to begin implementation. The 2010 assessment mission noted that this had still not been implemented but did, however, also note that funding constraints have resulted in vacancies in two positions critical for implementation of the strategy. This has resulted in a stagnation of further implementation of the strategy and action plan, including staff training activities. Nonetheless, the country office has incorporated the gender strategy in its 2010-11 workplan and has begun a comprehensive exercise to adjust project implementation and monitoring processes accordingly. Regarding a recommendation to undertake an assessment of the "poorest of the poor" strategy, the mission noted the country office's plan to implement the assessment. The assessment mission also noted with satisfaction that a comparative study of Self-Reliance Groups (SRGs) and community-based organization (CBOs) is under way.

B. Status of Human Development Initiative, phase 4, projects and issues

11. The assessment team commented on the overall scope of activities undertaken by UNDP within the HDI to the extent this may affect programme effectiveness. The overall portfolio of activities of the HDI has grown over the course of the years to include a very broad range of activities. The result has been that programme resources have been spread thinly, which in the view of the assessment mission has affected the relevance and effectiveness of activities. The independent assessment suggested that other factors contributing to broadening of activities include the decision in 2005 to expand HDI activities to 40 new townships, and the fact that UNDP is the only aid agency present in many of the townships and therefore may feel obliged to work in a range of activities that would normally be shared by others. In such circumstances, the HDI has evolved into the sole provider to the communities. The assessment mission further suggests this tendency has limited the potential of the HDI in terms of impact. It should be noted that the HDI methodology emphasizes empowering communities to identify their own priorities through inclusive, participatory approaches. While this can result in requests for a broad range of support, such an approach promotes local ownership over community development activities and strengthens the relevance and sustainability of UNDP support.

12. The assessment mission reviewed the status of various impact studies undertaken by UNDP related to the HDI. The 2008 impact study of the Integrated Community Development Project (ICDP) and Community Development in Remote Townships (CDRT) project was commented on extensively by the 2009 independent assessment mission. The 2010 assessment mission provided additional interpretation of the results of the study. The assessment mission commented on the difficulties of assessing impact without comprehensive baseline data, and noted other methodological constraints linked to the selection of control groups (or "non-HDI villages"). The assessment mission considers the findings in the survey show either modest or limited difference between villages receiving HDI support and non-HDI

villages. The difference only exceeds 15 per cent on indicators measuring aspects where HDI projects have made specific efforts, such as distribution of pesticides, fertilizer, and access to credit through SRGs. Differences regarding food security, health and education achievements were small.

13. The 2009 assessment mission noted that villages were selected for HDI support specifically because they were considered worse off than other villages; the comparison of progress between HDI villages and non-HDI villages should therefore bear this in mind. In addition, the progress made in HDI villages was achieved with relatively modest investments in livelihoods support (estimated total of $25 per capita from 2003-2008). The survey conducted for the impact study mentioned above noted that poverty in HDI villages is 7 per cent lower than in non-HDI villages. Regarding impact in the areas of health and education, UNDP interventions have been limited to basic literacy and home-health awareness activities and small renovations to village schools and health clinics, rather than on institutional support for curriculum development and training of teachers and rural health department staff. UNDP is precluded from the latter interventions as a consequence of its mandate in Myanmar.

14. The methodological problems discussed by the 2009 assessment mission also drew attention to the fact that no attempt had been made to analyse the correlation between impact and duration of support. Such an analysis was undertaken during the 2010 assessment mission. The result shows that there are differences indicating higher impact after an additional 10 years on a number of indicators, such as access to fertilizer and reduction in dependence on moneylenders. On other indicators, the difference is more limited (less than 10 percentage points) with a negligible drop in the poverty headcount. It should be noted that the impact study did not attempt to measure achievements in terms of social capital formation. However, a participatory impact assessment of the HDI also conducted in 2008 found that "the rural poor in HDI villages have improved their knowledge, human capital, and infrastructure, as well as physical, social, business and finance capital because of the HDI's support".

15. Beyond reviewing the results of the ICDP/CDRT impact study, the assessment mission identified several issues which it considered design flaws in the ICDP and CDRT projects: the absence of a problematization of poverty and empowerment; lack of a strategic framework at the programme or project level outlining means-end relationships for poverty reduction; lack of a definition of the role of CBOs for poverty reduction; lack of a definition of the project end-state and time frame. The assessment mission noted that the establishment of SRGs, a key modality used by HDI to empower local communities and deliver resources and benefits, is a valuable activity both from a livelihoods point of view and as a mechanism to form social capital.

16. The assessment mission additionally noted that the absence of a policy/regulatory/institutional framework conducive to broad-based economic and social development has constrained the HDI from having a greater impact, and this has implications for the overall potential of the HDI. While acknowledging these constraints, the assessment mission suggests the flaws in the original project design also have a significant influence on impact. The assessment also suggested that not engaging with technical departments at the township level due to the interpretation of the mandate has significantly contributed to reduced impact. Among the positive developments resulting from the impact study are the establishment of a more

organized learning/training initiative to develop staff capacities, and linking SRGs to the Microfinance project in order to access larger loans for increased market access, which will increase impact and enhance sustainability.

17. An impact assessment of early recovery activities was undertaken in 2009 to assess the extent to which the affected population has been able to recover from the impact of Cyclone Nargis. The assessment mission found the results of this study to be similar to those for the ICDP and CDRT projects with respect to sustainable impact beyond the initial benefits gained from the direct dispersal of material goods, household food supplies, resumption of school enrolment, reducing reliance on money-lenders, and utilization of loans. At the same time, the impact assessment found that "about three quarters of the sample households in project villages said they received some kind of assistance from UNDP — in the form of credit, cash grant, material inputs, equipment and tools, training, advice and information. About 71 per cent of them reported that the UNDP support had noticeably improved their lives".

18. A third impact study focused on the Microfinance project conducted in 2007 and for which an update is planned for later in 2010. Overall the results of this study were found to be good and favourable to the Microfinance project and demonstrated a positive impact on households through access to capital for investment in a range of activities.

19. The assessment mission identified several interventions of the HDI which result in sustainable benefits at the household level. These include: improvement to income and assets through access to capital; skills enhancement from agriculture, livestock extension and training; access to livestock, fisheries, small-scale business training; construction of fly-proof latrines; and construction of hand-dug wells. These interventions do not need "exit strategies" for villagers who received such assistance. The assessment mission reported that while the need for exit strategies in the ICDP and CDRT projects has been noted by UNDP, more needs to be done to implement them. The mission suggested that UNDP consider phasing out activities in some villages in order to begin activities in other villages within the same townships where UNDP already operates. The assessment mission noted positively the efforts in the Delta to move villages and areas from a relief and rehabilitation phase to development phase, by linking them with ICDP and Microfinance project activities.

20. UNDP is undertaking a township-by-township analysis, which entails a review of villages covered by the HDI, the presence of other actors able to continue to provide services, and the identification of remaining needs of the communities taking into account geographical and other considerations. The assessment will provide a clearer picture of where UNDP continued presence would add value, as well as an indication of the type of assistance required. In addition, work is continuing on a revision of the SRG maturity index, which is the main tool for measuring the ability of SRGs to continue on a self-sustaining basis. This tool is now being revised in collaboration with the Microfinance project to reflect more of the financial management capacities of SRGs.

21. The assessment mission focused its review of the ICDP, CDRT and Microfinance projects on the financial services provided directly to beneficiaries. Under the ICDP and CDRT projects, such support is provided through provision of revolving funds to CBOs and SRGs, as well as building capacity of SRGs to

generate capital by savings and loan interest. The assessment mission concluded that the experience with revolving loan mechanisms has been least successful for CBOs, as there is a lack of systematic information collected on loan repayment status. A sample review in one village visited by the assessment mission revealed a 28 per cent repayment rate. Therefore, the mission recommends no further capital should be infused into CBOs until a comprehensive study is undertaken and necessary action is taken to address CBOs in arrears. This study is already under way.

22. Regarding SRGs, more comprehensive information is available and the loan repayment rates are much better (73 and 77 per cent for CDRT and ICDP projects, respectively) than for CBOs. The assessment mission suggests action should be taken to develop an improved on-time repayment culture in SRGs. Considering that some SRGs are now able to apply for bulk loans from the Microfinance project, the assessment mission recommends that only those SRGs with good repayment records among their members be eligible, and has provided additional suggestions for steps SRGs can take to enhance management of external funds.

23. The Microfinance project is the best of the three approaches for providing financial services and has outstanding loans to 329,603 borrowers, as of end 2009. The project offers nine different products, including a micro-insurance product. Current repayment rates are 98.88 per cent, efficiency is high, with a caseload per loan officer ratio of 1 to 394, and operating expenses at only 14.61 per cent. These are well above international "best practice" indicators and ratios. The assessment mission suggested areas for potential improvement, including increased focus on promoting client savings and loan products for the most vulnerable and for health needs.

24. The assessment mission concluded the enhancing capacity for HIV/ AIDS prevention and care project continues to make good progress and has expanded its core activities in a sound, responsible and effective manner. However, the assessment mission raised the possibility of whether the project would not be better served being independent of the HDI. Given its overall success and impact, as well as its relative low cost, the assessment mission suggested it is worth exploring whether the project could be taken on by a different United Nations agency or spun-off through a stronger partnership with an NGO.

25. The integrated household living conditions assessment is now well on track with the second national household survey being undertaken. This round is aimed at following up the first assessment published in 2007, as well as improved tracking of progress towards the Millennium Development Goals. The assessment mission noted that the project activities may be a critical step towards the preparation of a Human Development Report for Myanmar in the future.

26. The independent assessment also noted several cross-cutting themes: (a) despite the slowdown in the implementation of the office's Gender Strategy and Gender Action Plan, integrating gender is evident in the HDI through the promotion of women's empowerment and advocating gender equality at the community level. This is particularly evident in both the SRG and microfinance strategies, in which targeting women has contributed to measurable impact on women's empowerment; (b) throughout 2009 a number of efforts are evident in respect to the theme of environment and its integration with HDI activities, including the development of an environment strategy for UNDP, the establishment of a multi-agency working group on environmental issues (chaired by UNDP), replanting "multi-purpose" trees and

mangrove saplings in the Delta, and addressing community-based forest management practices to promote sound conservation practices; and (c) the HDI is examining mechanisms to expand disaster risk reduction activities at the community level. The draft strategy proposes working more closely with communities to develop and share good practices with high-risk communities along coastal areas, the Delta, drought and fire prone areas of the Dry Zone, landslide and flash flood prone areas of Shan State.

V. Conclusions and recommendations of the independent assessment

27. The 2010 mission concluded that the Human Development Initiative, phase 4, was being implemented in full compliance with the mandate set by the UNDP Governing Council and Executive Board. The assessment mission is of the view that for the successor programming activities from 2012 onwards, the ICDP (including early recovery activities) and CDRT projects require a revision of the programme concept and design in order to enhance the impact on poverty. In this regard, the assessment mission recommends to: (a) review of the strategic framework for the CDRT and ICDP projects in terms of effectiveness and efficiency in addressing rural poverty; and (b) identify and assess alternative strategic frameworks in terms of their expected effectiveness and efficiency, and decide which framework should be the basis for the formulation of programme activities beyond 2011.

28. Should the strategic framework in the present ICDP and CDRT projects be preferred with only modest changes, the following issues should be considered for action: (a) a thorough redesign of the reporting and management information system; (b) strengthening the staff technical capacities at township level; (c) detailed review of the full implications of DEX (direct execution) for effective and efficient project operation and consideration of alternatives such as NGO implementation; (d) extension of microfinance activities; (e) design and implementation of exit strategies from communities where support has been provided for long periods of time; and (f) enhance savings for SRGs and microfinance project beneficiaries.